

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 OES-07 EB-07 COME-00 INT-05
FEAE-00 DHA-02 ACDA-07 ORM-02 SCA-01 IO-13 /119 W
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R 171336Z MAY 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 7481
INFO AMEMBASSY BUCHAREST
AMEMBASSY TOKYO
AMEMBASSY TEL AVIV

C O N F I D E N T I A L SECTION 1 OF 2 MOSCOW 6811

E.O. 11652: GDS
TAGS: EEWT, ENRG, UR, US, PFOR, IS, JA, RO
SUBJECT: VISIT BY OCCIDENTAL PETROLEUM PRESIDENT HAMMER

SUMMARY: OCCIDENTAL PETROLEUM COMPANY PRESIDENT HAMMER
TOLD AMBASSADOR THAT ONGOING OXY PROJECTS IN USSR ARE DEVELOPING
ACCORDING TO SCHEDULE. HE STATED THAT FINANCING OF US SHARE
OF YAKUTIA PROJECT (\$2 BILLION), HOWEVER, SEEMED MORE THAN PRIVATE
CAPITAL COULD RAISE. AFTER MENTIONING TALKS WITH PATOLICHEV
AND OTHER SOVIET OFFICIALS (HE DID NOT SEE BREZHNEV),
HAMMER SAID SOVIETS DO NOT UNDERSTAND PRESIDENT'S CONCERN
FOR HUMAN RIGHTS. AMBASSADOR STATED THAT AS US BUSINESSMAN
WITH GOOD SOVIET CONTACTS, HAMMER COULD HELP TO GET THIS
POINT ACROSS TO SOVIETS. ATTITUDE OF CONGRESS WILL BE
OF CRITICAL IMPORTANCE, AND THIS DEPENDS ON SOVIET
BEHAVIOR. HAMMER SUGGESTED THAT PATOLICHEV WOULD BE THE
RIGHT MAN TO TAKE A "MESSAGE" FROM THE PRESIDENT TO THE
SOVIET LEADERSHIP IN THIS REGARD. END SUMMARY.

1. OCCIDENTAL PETROLEUM COMPANY PRESIDENT ARMAND HAMMER
CALLED ON AMBASSADOR MAY 13 TO BECOME ACQUAINTED AND ADVISE
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ABOUT CURRENT STATUS OF OCCIDENTAL PROJECTS IN THE USSR.
AT OUTSET HAMMER SAID HE HAD VISITED ALL ONGOING OXY PROJECTS
ON CURRENT VISIT AND WAS VERY PLEASED
WITH PROGRESS OF WORK, INCLUDING SPECIFICALLY:
(A) CONSTRUCTION OF WORLD TRADE CENTER, WHERE
400 BASIC UNIT OFFICE BUILDING HAS NOW REACHED 12 STORIES
AND 600-BED HOTEL 4 TO 5. APARTMENT BUILDING ALSO IS

PROCEEDING ACCORDING TO PLAN, AND ALL SHOULD BE FINISHED BEFORE 1980 OLYMPICS. THE \$160 MILLION PROJECT MAY REQUIRE AN INCREMENTAL \$25 MILLION INVESTMENT.

(B) THE AMMONIA PIPELINE TO ODESSA IS GOING WELL FOLLOWING CONSTRUCTION OF A BRIDGE OVER A RIVER WHERE A SUBTERRANEAN PIPELINE HAD PROVED INFEASIBLE. OXY EXPECTS THAT 350,000 TONS WILL BE EXPORTED TO THE US IN 1978, WITH 800,000 TONS TO FOLLOW IN 1979. A SUPERPHOSPHORIC ACID STORAGE FACILITY IS BEING CONSTRUCTED ALONGSIDE A SECOND AMMONIA TERMINAL IN VENTSPILS. WITH PHOSPHORIC ACID, ACCORDING TO HAMMER, ONE SHIP CAN TRANSPORT THE SAME EFFECTIVE AMOUNT OF FERTILIZER AS COULD FOUR CARRYING ROCK FERTILIZER. ALTHOUGH \$5 MILLION YEARLY SALES OF PHOSPHORIC ACID ARE BALANCED AGAINST AN EQUAL VOLUME OF SOVIET AMMONIA AND POTASH, HAMMER EMPHASIZED THAT THIS IS NOT "BARTER" DEAL BECAUSE PRICES MUST BE NEGOTIATED EVERY THREE YEARS.

(C) THE SECOND PHASE (\$100 MILLION) OF THE YAKUTIA GAS PROJECT IS CONTINUING AND IT WILL BE ANOTHER YEAR OR 18 MONTHS BEFORE IT WILL BE POSSIBLE TO INSURE A SUFFICIENT AMOUNT OF GAS RESERVES TO JUSTIFY THE MASSIVE SECOND PHASE. DISCUSSION CONCERNING CONSTRUCTION OF ALL NECESSARY FACILITIES FOR EXTRACTING GAS, PUMPING IT TO A EAST SIBERIAN LIQUIFICATION FACILITY AND ONWARD TRANSPORT TO THE UNITED STATES AND JAPAN ARE "TAKING A LOT OF TIME." HAMMER ESTIMATED THAT FINANCING THE PROJECT WOULD REQUIRE \$2 BILLION FROM THE US AND A SIMILAR AMOUNT FOR JAPAN TO COMPLETE THE ENTIRE PROJECT. HE DID NOT SEE HOW THE US SHARE OF THE FINANCING COULD BE ARRANGED UNDER PRESENT CONDITIONS.

(D) GOLF COURSE. HE HAD SPENT CONSIDERABLE TIME DIS-
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CUSSING THIS PROJECT YESTERDAY AND HAD THE ASSURANCES OF MOSCOW CITY COUNCIL CHAIRMAN VLADIMIR PROMYSLOV THAT THE LAND WOULD BE MADE AVAILABLE WITHIN TWO WEEKS. THE PROJECT INCLUDES CONSTRUCTION OF 60 COTTAGES FOR AMBASSADORS, A RESTAURANT, AND A CLUBHOUSE. GOLF IMMORTAL BOBBY JONES WILL LAY OUT THE COURSE; HAMMER ASSURED THE AMBASSADOR HE WOULD ADVISE IN ADVANCE WHEN JONES IS COMING.

2. HAMMER STATED THAT HE WOULD BE GOING TO BUCHAREST TO SIGN ON MAY 24 WITH PRESIDENT CEAUSESCU AN AGREEMENT FOR A JOINT VENTURE IN A WEST VIRGINIA COAL MINE FROM WHICH THE ROMANIANS WILL OBTAIN METALLURGICAL-GRADE COAL.

3. AFTER HAMMER SPECULATED THAT AN HISTORICALLY INTERESTING PERIOD LIES AHEAD, IN WHICH THERE CAN BE A RETURN TO COLD WAR OR A CHANGE FOR THE BETTER, THE AMBASSADOR SAID THAT NO ONE IN A RESPONSIBLE POSITION BELIEVES WE WILL GO BACK TO THE COLD WAR. NEVERTHELESS, WE DO HAVE SOME PROBLEMS. THE SOVIETS DO NOT YET UNDERSTAND THE PRESIDENT'S STRONG

PERSONAL COMMITMENT TO HUMAN RIGHTS. HAMMER AGREED AND EXPRESSED A VERY HIGH REGARD FOR THE PRESIDENT. THE AMBASSADOR CONTINUED THAT IT WAS TERRIBLY IMPORTANT THAT THE SOVIETS COME TO APPRECIATE THE PRESIDENT'S INTEREST IN HUMAN RIGHTS AND UNDERSTAND THAT IT IS WORLDWIDE IN SCOPE AND NOT DIRECTED AT THE USSR. THERE HAS BEEN SOME MISUNDERSTANDING ABOUT THIS. THE AMBASSADOR SUGGESTED THAT DR. HAMMER, AS A PROMINENT BUSINESSMAN, CAN HELP THE SOVIETS TO GRASP THIS POINT.

5. CONTINUING, THE AMBASSADOR STATED THAT OUR DISARMAMENT PROPOSALS IN MARCH WERE FAIR, AND WE WERE DISAPPOINTED THAT THE SOVIETS REJECTED THEM OUTRIGHT. WE WANT AN EQUITABLE SOLUTION TO THE PROBLEM, AND THE FIGURES INVOLVED CAN BE NEGOTIATED. THE SOVIETS REJECTED OUR PROPOSALS OUT OF HAND AND HAVE TAKEN THE POSITION THAT A SOLUTION IS ALL UP TO US. HAMNDR AGREED. HE FELT THAT THE MISUNDERSTANDING OVER
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HUMAN RIGHTS HAD MUCH TO DO WITH THE REJECTION OF OUR DISARMAMENT PROPOSALS. NOTING THAT THE RUSSIANS ARE "A VERY SUSPICIOUS PEOPLE," HE SAID THEY COULD INTERPRET OUR POSITION ON HUMAN RIGHTS AS SUPPORT FOR "COUNTER-REVOLUTION." AGREEING THAT THE SOVIETS ARE "SUSPICIOUS," THE AMBASSADOR SAID THE LAST THING WE WANT IS INSTABILITY IN THIS PART OF THE WORLD.

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6. REVERTING TO HIS LENGTHY AND INFORMAL DISCUSSION OF THE PREVIOUS NIGHT, INCLUDING DRINKS WITH "HAIR DOWN," WITH MINISTER OF FOREIGN TRADE PATOLICHEV, HAMMER SAID THAT PATOLICHEV COULD GET A MESSAGE ACROSS FROM PRESIDENT CARTER TO THE SOVIET HIGH COMMAND. PATOLICHEV, IN HIS VIEW, IS A VERY SKILLFUL OPERATOR WHO TAKES THE LINE THAT HE IS A "BUSINESSMAN", BUT HE IS ACTUALLY A GOOD DEAL MORE. THE AMBASSADOR RESPONDED THAT HE WOULD TAKE THIS POINT UP WITH SECRETARY VANCE.

7. HAMMER RECALLED THAT THE SOVIETS THOUGHT THEY HAD A DEAL - A DEBT SETTLEMENT IN EXCHANGE FOR MFN - AND CANNOT UNDERSTAND THAT WE HAVE A CONGRESS WHICH MUST BE TAKEN INTO ACCOUNT. THE AMBASSADOR NOTED IN THIS CONTEXT HOW UNFORTUNATE IT WAS THAT THE USA/CANADA INSTITUTE AND AMBASSADOR DOBRYNIN, WHO SHOULD BE EXPLAINING THESE THINGS, SEEMINGLY HAVE NOT SUCCEEDED IN DOING SO. HAMMER MENTIONED HAVING SEEN USA/CANADA INSTITUTE DIRECTOR ARBATOV ON THE PRESENT TRIP. HE HAD TOLD ARBATOV TO EXPECT NO MIRACLES UNLESS THE ATTITUDE OF CONGRESS COULD BE CHANGED. THE VIEWS OF SENATOR JACKSON HAVE NOT CHANGED, CONFIDENTIAL

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AND HE HAS A BIG FOLLOWING IN CONGRESS. HAMMER SAID HE PROPOSED TO ARBATOV THAT A STEP SUCH AS RESTORATION OF DIPLOMATIC RELATIONS WITH ISRAEL, ACCEPTING GOLDA MEIR AS ISRAELI AMBASSADOR IN MOSCOW, WOULD HAVE A TREMENDOUS IMPACT UPON CONGRESS. THE AMBASSADOR, NOTING THAT HE KNOWS GOLDA MEIR WELL, INQUIRED IF THE SOVIETS WOULD WELCOME HER HERE. WHAT WAS THEIR REACTION TO THE HAMMER PROPOSAL? HAMMER REPLIED THAT THE SOVIETS SAID IT COULD BE PART OF A MIDDLE EAST SOLUTION, WHEREAS HE (HAMMER) WOULD MAKE IT THE FIRST STEP IN THE PROCESS. THE AMBASSADOR SAID THAT SOME INCREASE IN THE FLOW OF EMIGRANTS TO ISRAEL AND A MORE SENSIBLE SOVIET POSTURE CONCERNING THE DISSIDENTS WOULD BE NECESSARY TO ANY SOLUTION. IT WAS CORRECT, HE THOUGH, FOR HAMMER TO STRESS THE ATTITUDE OF CONGRESS, AND HE NOTED THAT THIS DEPENDS LARGELY ON SOVIET BEHAVIOR. HAMMER AGREED AND ASSERTED THAT THERE COULD BE GREAT COOPERATION BETWEEN THE UNITED STATES AND THE SOVIET UNION INCLUDING MUTUALLY BENEFICIAL TRADE WHICH WOULD BE THE BEST GUARANTEE OF PEACE. HE HOPES OCCIDENTAL WILL BE HERE FOR TWENTY YEARS, NOTING THAT THE SOVIETS HAVE A GREAT DEAL OF NATURAL RESOURCES, SUCH AS GAS, AMMONIA AND TIMBER, TO OFFER THE UNITED STATES. MATLOCK

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Message Attributes

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Subject: VISIT BY OCCIDENTAL PETROLEUM PRESIDENT HAMMER SUMMARY: OCCIDENTAL PETROLEUM COMPANY PRESIDENT HAMMER TOLD AMBASSADOR THAT ONGOING OXY PROJECTS IN U SSR
TAGS: EEWT, ENRG, PFOR, UR, US, IS, JA, RO, OCCIDENTAL PETROLEUM, (HAMMER)
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